

NATURAL RESOURCES CODE
TITLE 7. RESOURCES PROGRAMS
CHAPTER 161. VETERANS LAND BOARD
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 161.001. DEFINITIONS. (a) In this chapter:

(1) "Board" means the Veterans' Land Board.
(2) "Commissioner" means the Commissioner of the General Land Office.

(3) "Land office" means the General Land Office.
(4) "Program" means the Veterans' Land Program.
(5) "Fund" means the veterans' land fund.
(6) "Bonds" means general obligation bonds issued by the board for the purpose of funding the program.

(7) "Veteran" means a person who:
(A)(i) served not less than 90 days, unless sooner discharged by reason of a service-connected disability, on active duty in the Army, Navy, Air Force, Coast Guard, United States Public Health Service (as constituted under 42 U.S.C. Section 201 et seq.), or Marine Corps of the United States after September 16, 1940, and who on the date of filing an application under the program has not been dishonorably discharged from the branch of the service in which the person served;

(ii) has at least 20 years of active or reserve military service as computed when determining the person's eligibility to receive retired pay under applicable federal law;

(iii) has enlisted or received an appointment in the Texas National Guard, who has completed all initial active duty training required as a condition of the enlistment or appointment, and who on the date of filing the person's application has not been dishonorably discharged from the Texas National Guard; or

(iv) served in the armed forces of the Republic of Vietnam between February 28, 1961, and May 7, 1975, if the board adopts a rule regarding these veterans under Subsection (b);

(B) at the time of the person's enlistment, induction, commissioning, appointment, or drafting was a bona fide resident of this state or has resided in this state at least one year immediately before the date of filing an application under this chapter; and

(C) at the time of the person's application under this chapter is a bona fide resident of this state. The term includes the unmarried surviving spouse of a veteran who died or who is identified as missing in action if the deceased or missing veteran meets the requirements of this section, with the exception that the deceased or missing veteran need not have served 90 days under Paragraph (A)(i) of this subdivision, and if the deceased or missing veteran was a bona fide resident of this state at the time of enlistment, induction, commissioning, appointment, or drafting.

(b) Notwithstanding Subdivision (7) of Subsection (a) of this section, the board may by rule change the definition of "veteran" as necessary or appropriate to protect the best interests of the program. If the board adopts a rule to change the definition of "veteran" to include a person who served in the armed forces of the Republic of Vietnam between February 28, 1961, and May 7, 1975, the rule must include procedures for establishing proof of that service.

(c) For purposes of this section, a person who has been discharged from the branch of the service in which the person served or from the Texas National Guard is considered not to have been dishonorably discharged if the person:

(1) received an honorable discharge;
(2) received a discharge under honorable conditions;
or

(3) received a discharge and provides evidence from the United States Department of Veterans Affairs, its successor, or other competent authority that indicates that the character of the person's duty has been determined to be other than dishonorable.

Acts 1977, 65th Leg., p. 2655, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 1; Acts 1989, 71st Leg., ch. 298, Sec. 1, eff. June 14, 1989; Acts 1993, 73rd Leg., ch. 242, Sec. 1.01, eff. Aug. 30, 1993; Acts 2001, 77th Leg., ch. 83, Sec. 1, eff. May 11, 2001; Acts 2003, 78th Leg., ch. 1145, Sec. 1, 2, eff. June 20, 2003; Acts 2005, 79th Leg., ch. 17, Sec. 3, eff. Sept. 1, 2005.

SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

Sec. 161.011. VETERANS LAND BOARD DESIGNATED. The Veterans Land Board is a state agency designated to perform the governmental functions authorized in Article III, Section 49-b of the Texas Constitution.

Acts 1977, 65th Leg., p. 2655, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.0111. SUNSET PROVISION. The Veterans' Land Board is subject to review under Chapter 325, Government Code (Texas Sunset Act), but is not abolished under that chapter. The board shall be reviewed during the period in which state agencies abolished in 2007 and every 12th year after 2007 are reviewed.

Added by Acts 1985, 69th Leg., ch. 798, Sec. 2, eff. Sept. 1, 1985. Amended by Acts 1987, 70th Leg., ch. 167, Sec. 2.20(42), eff. Sept. 1, 1987; Acts 1991, 72nd Leg., 1st C.S., ch. 17, Sec. 3.08, eff. Nov. 12, 1991; Acts 1995, 74th Leg., ch. 970, Sec. 2.03, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1169, Sec. 2.10, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1481, Sec. 2.04, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 1112, Sec. 2.05, eff. Sept. 1, 2003.

Sec. 161.013. EXECUTIVE SECRETARY AND ASSISTANT EXECUTIVE SECRETARY. (a) The board shall select an executive secretary and an assistant executive secretary, each of whom shall be nominated by the commissioner and approved by a majority of the board.

(b) The executive secretary and assistant executive secretary shall perform all duties required of them by the board. Acts 1977, 65th Leg., p. 2655, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.014. EMPLOYEES. (a) The commissioner may employ all other employees that may be necessary for the discharge of the board's duties. The employees may include stenographers, typists, bookkeepers, surveyors, appraisers, and other employees in the number and for the time necessary to perform these duties.

(b) The employees of the board are considered to be employees of the land office, and civil and criminal laws regulating the conduct and relations of the employees of the land office apply to the employees of the board.

Acts 1977, 65th Leg., p. 2656, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.015. COMPENSATION AND DUTIES OF EMPLOYEES. The employees of the board shall be paid their compensation and shall perform their duties with the same rules and requirements of the general law governing other state employees in those respects.

Acts 1977, 65th Leg., p. 2656, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.016. FISCAL AGENT. (a) The board may designate the comptroller as the fiscal agent for payment of principal of and interest on the bonds.

(b) The comptroller shall act as fiscal agent without compensation.

(c) In the alternative, the board may employ a private fiscal agent to perform these services and shall pay him adequate compensation.

Acts 1977, 65th Leg., p. 2656, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 14.16, eff. Sept. 1, 1997.

Sec. 161.017. MEETINGS OF BOARD. (a) When necessary, the board shall meet on the first and third Tuesdays of each month in the land office, where its session shall be held and continue until its docket is cleared. The board may recess at its own discretion.

(b) The chairman of the board may call special meetings of the board at any time he thinks necessary by giving the other members notice.

Acts 1977, 65th Leg., p. 2656, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.018. MINUTES OF BOARD. Minutes of each meeting of the board shall be kept, and only those matters that actually transpire at the meeting shall be entered in the minutes.

Acts 1977, 65th Leg., p. 2656, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.019. DEPOSITORY FOR PAPERS, RECORDS, AND ARCHIVES. Papers, records, and archives of the board shall be deposited and kept in the land office.

Acts 1977, 65th Leg., p. 2656, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.020. PURCHASE OF SUPPLIES. The board may purchase at state expense through the board of control supplies, including stationery, stamps, printing, record books, and other things that may be needed to carry on the board's functions as a state agency in performing the duties imposed by this chapter.
Acts 1977, 65th Leg., p. 2656, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.021. SEAL. The board shall procure and adopt a seal bearing the words "Veterans Land Board" encircled by the oak and olive branches common to other official seals.
Acts 1977, 65th Leg., p. 2656, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.022. CHAPTER APPLICATION TO SUCCESSOR BOARDS. The provisions of this chapter shall apply to any successor of the board.
Acts 1977, 65th Leg., p. 2657, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.023. CONFLICTS OF INTEREST. An officer, employee, or paid consultant of a veterans' association or of a trade association in the field of real estate sales, brokerage, or development may not be an employee of the board, nor may a person who cohabits with or is the spouse of an officer, managerial employee, or paid consultant of a veterans' association or of a trade association in the field of real estate sales, brokerage, or development be an employee of the board grade 17 and over, including exempt employees, according to the position classification schedule under the General Appropriations Act.
Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

Sec. 161.024. LOBBYIST AS BOARD EMPLOYEE. A person who is required to register as a lobbyist under Chapter 305, Government Code, by virtue of his activities for compensation in or on behalf of a profession related to the operation of the board, may not act as the general counsel to the board.
Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.
Amended by Acts 1987, 70th Leg., ch. 167, Sec. 2.19(22), eff. Sept. 1, 1987.

Sec. 161.025. EQUAL PROTECTION FOR BOARD MEMBERS. Appointments to the board shall be made without regard to the race, color, handicap, sex, religion, age, or national origin of the appointees.
Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

Sec. 161.026. REMOVAL OF BOARD MEMBER. (a) It is a ground for removal from the board if an appointed member:

(1) does not have at the time of appointment the qualifications required by Article III, Section 49-b, of the Texas Constitution for appointment to the board;

(2) does not maintain during the service on the board the qualifications required by Article III, Section 49-b, of the Texas Constitution for appointment to the board;

(3) is unable to discharge his duties for a substantial portion of the term for which he was appointed because of illness or disability; or

(4) is absent from more than one-half of the regularly scheduled board meetings which the member is eligible to attend during each calendar year, except when the absence is excused by a majority vote of the board.

(b) The validity of an action of the board is not affected by the fact that it was taken when a ground for removal of an appointed member of the board existed.

(c) If the executive secretary has knowledge that a potential ground for removal exists, he shall notify the chairman of the board of such ground. The chairman of the board shall then notify the governor that a potential ground for removal exists.
Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

Sec. 161.027. ANNUAL ACCOUNTING. The board shall file annually with the governor and the presiding officer of each house of the legislature a complete and detailed written report accounting for all funds received and disbursed by the board during the preceding year. The form of the annual report and the reporting time shall be that provided in the General Appropriations Act. The report shall be included in the reports of the General Land Office.
Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

Sec. 161.028. CAREER LADDER. (a) The executive secretary or his designee shall develop an intraagency career ladder program, one part of which shall require the intraagency posting of all

nonentry level positions concurrently with any public posting.

(b) The program and posting requirements of this section apply to the employees of the board and the employees of the land office that support the board.

Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

Sec. 161.029. PERFORMANCE EVALUATIONS. (a) The executive secretary or his designee shall develop a system of annual performance evaluations based on measurable job tasks. All merit pay for board employees must be based on the system established under this section.

(b) The evaluations required by this section apply to the employees of the board and the employees of the land office that support the board.

Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

Sec. 161.030. AUDIT. The financial transactions of the board are subject to audit by the state auditor in accordance with Chapter 321, Government Code.

Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985. Amended by Acts 1989, 71st Leg., ch. 584, Sec. 8, eff. Sept. 1, 1989.

Sec. 161.031. EQUAL EMPLOYMENT OPPORTUNITY. (a) The executive secretary or his or her designee shall prepare and maintain a written plan to assure implementation of a program of equal employment opportunity whereby all personnel transactions are made without regard to race, color, handicap, sex, religion, age, or national origin. The plan shall include:

(1) a comprehensive analysis which meets federal and state guidelines of all the agency's work force by race, sex, ethnic origin, class of position, and salary or wages;

(2) plans for recruitment, evaluation, selection, appointment, training, promotion, and other personnel policies;

(3) procedures by which a determination can be made of significant underutilization in the agency work force of all persons for whom federal and state guidelines encourage a more equitable balance and steps reasonably designed to overcome any identified underutilization; and

(4) objectives and goals, with appropriate timetables for the achievement of the objectives and goals, assignments of responsibility for their achievement, and an appropriate program for reviewing and maintaining these goals and objectives once achieved.

(b) The plan shall be filed with the governor's office within 60 days of the effective date of this Act, cover an annual period, and be updated at least annually. The governor's office shall develop a biennial report to the legislature based on the information submitted. Such report may be made separately or as a part of other biennial reports made to the legislature.

(c) The personnel transactions referred to in Subsection (a) of this section apply to the employees of the board and the employees of the land office that support the board.

Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

Sec. 161.032. STANDARDS OF CONDUCT. (a) The board shall provide to its members and employees as often as is necessary information regarding their qualifications under this chapter and their responsibilities under applicable laws relating to standards of conduct for state officers or employees.

(b) The employees referred to in Subsection (a) of this section are the employees of the board and the employees of the land office that support the board.

Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

Sec. 161.033. PUBLIC DEBATE BEFORE BOARD. The board shall develop and implement policies that will provide the public with a reasonable opportunity to appear before the board and to speak on any issue under the jurisdiction of the board.

Added by Acts 1985, 69th Leg., ch. 798, Sec. 3, eff. Sept. 1, 1985.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 161.061. GENERAL DUTIES OF BOARD. The board shall:

(1) authorize and execute negotiable bonds as provided by law;

(2) provide by resolution for use of the fund in a manner that will effectuate the intent of the constitution and the law;

(3) prescribe the interest rates as provided by law;

(4) provide for the forfeiture of contracts of sale and purchase and resale of forfeited land;

(5) conduct investigations it considers necessary; and

(6) formulate policies and rules necessary and not in conflict with the law to ensure the proper administration and to carry out the intent and purposes of the law.

Acts 1977, 65th Leg., p. 2657, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.02, eff. Aug. 30, 1993.

Sec. 161.062. GENERAL DUTIES OF COMMISSIONER. The commissioner is the chairman of the board and administrator of the program as provided in Article III, Section 49-b of the Texas Constitution, and shall perform the duties and functions of the board prescribed by law except for those duties and functions provided in Section 161.061 of this code, which shall be performed by the board.

Acts 1977, 65th Leg., p. 2657, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.063. RULES. (a) The board may adopt rules that are not inconsistent with this chapter and that it considers necessary or advisable. The board shall adopt rules and procedures that it considers necessary to ensure the integrity of the program.

(b) The rules shall be considered a part of this chapter and violation of the rules subject the offender to prosecution under Sections 161.401 through 161.403 of this code.

Acts 1977, 65th Leg., p. 2657, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 4, eff. Sept. 1, 1985.

Sec. 161.064. BOARD AUTHORITY TO MAKE INVESTIGATIONS. The board may make any investigation it considers necessary relating to transactions involving land purchases or sales under this chapter.

Acts 1977, 65th Leg., p. 2657, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.065. OATHS; BOOKS, RECORDS, AND DOCUMENTS. (a) The board is specifically authorized to administer oaths and to examine the books, records, or other documents dealing with or relating to the transactions of any person involved in the transaction.

(b) The board may make copies of the books, records, and other documents that in its judgment may show or tend to show fraud on the board or a veteran or a violation or attempted violation under this chapter.

Acts 1977, 65th Leg., p. 2657, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.066. SUBPOENA DUCES TECUM. The board may issue a subpoena duces tecum to require a person to produce books, records, or any other documents for the board's examination.

Acts 1977, 65th Leg., p. 2657, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.067. FORFEITURE OF CHARTER AND RIGHTS. (a) If a corporation fails or refuses to comply with the orders of the board under Sections 161.064 through 161.066 of this code, the corporation shall forfeit its right to do business in this state, and its permit or charter shall be canceled or forfeited by the attorney general.

(b) The failure or refusal by a person is presumed to be prima facie evidence of fraud on the board and veteran in violation of this chapter, and the person shall lose and forfeit all rights and benefits under this chapter.

Acts 1977, 65th Leg., p. 2657, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.068. FORM OF INSTRUMENTS. The board may prescribe the form and contents of notices, bids, applications, awards, contracts, deeds, and instruments used by the board in carrying out a project or plan if it is not in conflict with the law.

Acts 1977, 65th Leg., p. 2658, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.069. FEES. (a) The board shall collect the fee it considers necessary from each applicant under Subchapter G of this chapter and deposit the fee in a bank. Interest received on the deposit shall be credited to the General Land Office special fund and shall be spent for administrative purposes.

(b) Repealed by Acts 1985, 69th Leg., ch. 798, Sec. 22, eff. Sept. 1, 1985.

Acts 1977, 65th Leg., p. 2658, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 22, eff. Sept.

1, 1985.

Sec. 161.070. ADDITIONAL FEES. (a) The board shall set and collect, for the use of the state, reasonable fees in amounts determined by the board for services it may provide in connection with processing and servicing of purchase applications and contracts of sale and purchase and matters incidental to these purchases. These fees may include but are not limited to the following:

- (1) appraisal fee for each application under Subchapter G of this chapter;
- (2) contract of sale and purchase transfer fee for each transfer;
- (3) mineral lease service fee for each lease executed by purchasers;
- (4) reappraisal fee, if required by the board;
- (5) fee for each loan of abstract;
- (6) fee for servicing and filing each easement;
- (7) service fee for each contract of sale and purchase;
- (8) fee for homesite, severance, or paid-in-full deed;
- (9) title examination fee;
- (10) recording fees;
- (11) fee for preparing credit reports;
- (12) fee from each successful bidder under Section 161.319 of this code in an amount sufficient to pay for examination of title, recording fees, and other expenses incidental to resale of land under Section 161.319 of this code;
- (13) fee for preparation of legal instruments, including but not limited to deeds, contracts, affidavits, and curative instruments;
- (14) fee for legal research, including but not limited to preparation of title opinions and other legal opinions, preparation for court appearances;
- (15) fee for general research, including but not limited to preparation of certified copies of documents on file with the board; and
- (16) fees for any other services which may be requested of the board.

(b) These fees may be added to the price of any land sold or resold by the board.

(c) Fees or portions of fees that are in the opinion of the board unused shall be refunded.

(d) Money received from payment of these fees and not refunded shall be deposited in the State Treasury and credited to the fund and shall be spent as provided in the General Appropriations Act.

Acts 1977, 65th Leg., p. 2658, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1983, 68th Leg., p. 406, ch. 81, Sec. 21(o), eff. Sept. 1, 1983; Acts 1985, 69th Leg., ch. 798, Sec. 5, eff. Sept. 1, 1985.

Sec. 161.071. PAMPHLETS. The board shall have published pamphlets containing the provisions of this chapter and rules the board desires, and these pamphlets shall be made available to any interested veteran, veterans organization, or other interested person in the state.

Acts 1977, 65th Leg., p. 2658, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.072. LEASE BY BOARD. (a) The board may lease any property that it owns on terms it considers proper.

(b) A lease for agricultural and grazing purposes is subject to cancellation on the sale of the property to a veteran.

(c) The board may execute oil, gas, and mineral leases on land purchased by it before it sells the land by following the same procedure provided for the school land board in the lease of public school land.

Acts 1977, 65th Leg., p. 2658, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.073. CONTRACTS WITH PRIVATE ENTITIES. The board may contract with a private entity to administer all or part of the program if it is cost effective to do so.

Added by Acts 1985, 69th Leg., ch. 798, Sec. 6, eff. Sept. 1, 1985.

Sec. 161.074. BOND ENHANCEMENT AGREEMENTS. (a) The board may at any time and from time to time enter into one or more bond enhancement agreements that the board determines to be necessary or appropriate to place the obligation of the board, as represented by

the bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the board. Bond enhancement agreements may include, on terms and conditions approved by the board, interest rate swap agreements, currency swap agreements, forward payment conversion agreements, agreements providing for payments based on levels of or changes in interest rates or currency exchange rates, agreements to exchange cash flows or a series of payments, or agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other exposure. A bond enhancement agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the board approves. The fees and expenses of the board in connection with the issuance of bonds and the purchase and sale of land may be paid from money in the fund, provided that payments due from the board under a bond enhancement agreement, other than fees and expenses, that relate to the payment of debt service on bonds constitute payments of principal of and interest on the bonds.

(b) The resolution of the board authorizing a bond enhancement agreement may authorize one or more designated officers or employees of the board to act on behalf of the board in entering into and delivering the bond enhancement agreement and in determining or setting the counterparty and terms of the bond enhancement agreement specified in the resolution, except that the resolution must set the maximum amount and term for the bond enhancement agreement.

(c) Unless the board elects otherwise in its approval of a bond enhancement agreement, the bond enhancement agreement is not a credit agreement for purposes of Chapter 1371, Government Code, regardless of whether the bonds relating to the bond enhancement agreement were issued in part under that law.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 1.03, eff. Aug. 30, 1993. Amended by Acts 1999, 76th Leg., ch. 134, Sec. 1, eff. May 20, 1999; Acts 2001, 77th Leg., ch. 1420, Sec. 8.354, eff. Sept. 1, 2001.

Sec. 161.075. INFORMATION FOR LENDING INSTITUTIONS. (a) In this section, "lending institution" has the meaning assigned by Section 161.502.

(b) On request, the board shall provide to a lending institution information regarding state land and housing benefits programs for veterans in this state.

Added by Acts 2003, 78th Leg., ch. 69, Sec. 3, eff. May 16, 2003.

SUBCHAPTER D. GENERAL OBLIGATION BONDS

Sec. 161.111. ISSUANCE AND SALE OF BONDS; DISPOSITION OF PROCEEDS. By appropriate action, the board may provide by resolution for the issuance and sale of negotiable bonds authorized by the constitution, and the proceeds shall be a part of the fund. Acts 1977, 65th Leg., p. 2659, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.112. INSTALLMENTS. The board, at its option, may issue bonds in one or several installments. Acts 1977, 65th Leg., p. 2659, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.113. INTEREST RATE. The bonds shall bear the rate or rates of interest prescribed by the board. Acts 1977, 65th Leg., p. 2659, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.05, eff. Aug. 30, 1993.

Sec. 161.114. PAYMENT AND MATURITY OF BONDS. (a) The bonds shall be payable as provided by the board and shall mature serially or otherwise not later than 40 years from their date.

(b) Bonds previously issued shall mature according to their provisions.

(c) The board shall determine the medium of payment for both principal of and interest on the bonds.

(d) The board at its own option may make the bonds redeemable or subject to tender for purchase before maturity at the price and under the terms and conditions fixed by the board in the resolution providing for the issuance and sale of the bonds. Acts 1977, 65th Leg., p. 2659, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.06, eff. Aug. 30, 1993.

Sec. 161.115. FORM, DENOMINATION, AND PLACE OF PAYMENT OF BONDS. The board shall determine the form of the bonds, including the forms of interest coupons attached to the bonds, and shall fix the denomination or denominations of the bonds and the place or

places for payment of the principal of and interest on the bonds. Acts 1977, 65th Leg., p. 2659, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.116. MANNER OF EXECUTION. (a) The bonds shall be executed by and on behalf of the board and the state as obligations of the state in the manner provided in Subsection (b) of this section.

(b) The bonds shall be signed and executed as the board provides in the resolution or order authorizing the issuance of the bonds.

Acts 1977, 65th Leg., p. 2659, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.07, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 300, Sec. 36, eff. Aug. 30, 1993; Acts 2001, 77th Leg., ch. 620, Sec. 1, eff. Sept. 1, 2001.

Sec. 161.117. SIGNATURES AND SEALS. (a) The resolution authorizing the issuance of an installment or series of bonds may prescribe the extent to which facsimile signatures and facsimile seals may be used in lieu of manual signatures and manually impressed seals in executing the bonds and attached coupons.

(b) Interest coupons may be signed with the facsimile signatures of the chairman and secretary of the board.

(c) If an officer whose manual or facsimile signature appears on a bond, or whose facsimile signature appears on a coupon, ceases to be an officer before the bonds are delivered, the signature shall still be valid and sufficient for all purposes the same as if the officer had remained in office until the delivery of the bonds.

Acts 1977, 65th Leg., p. 2660, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.118. APPROVAL BY ATTORNEY GENERAL. Before bonds are delivered to the purchasers, the record relating to the bonds shall be examined by the attorney general. If the record demonstrates that the bonds have been issued in accordance with the constitution and this subchapter, the bonds shall be approved by the attorney general.

Acts 1977, 65th Leg., p. 2660, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.08, eff. Aug. 30, 1993.

Sec. 161.119. REGISTRATION WITH COMPTROLLER. After the bonds are approved by the attorney general, they shall be registered in the office of the comptroller.

Acts 1977, 65th Leg., p. 2660, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.09, eff. Aug. 30, 1993.

Sec. 161.120. VALIDITY OF BONDS. (a) After the bonds are approved by the attorney general and registered with the state comptroller, they shall be held as valid and binding obligations of the state in every action, suit, or proceeding in which their validity is or may be brought into question.

(b) In each action brought to enforce collection of the bonds or rights incident to the bonds, the certificate of approval by the attorney general or a certified copy of that certificate shall be admitted and received in evidence as to the validity of the bonds.

(c) The only defense that can be offered against the validity of the bonds shall be forgery or fraud.

Acts 1977, 65th Leg., p. 2660, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.121. BONDS AS NEGOTIABLE INSTRUMENTS. Bonds issued under this chapter have and are declared to have all qualities and incidents of negotiable instruments under the laws of this state.

Acts 1977, 65th Leg., p. 2660, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.123. NOTICE FOR BIDS ON BONDS. If the board authorizes the issuance of a series of bonds and decides to call for bids, it shall publish an appropriate notice at least one time not less than 10 days before the date of the sale in a recognized financial journal of general circulation.

Acts 1977, 65th Leg., p. 2660, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.10, eff. Aug. 30, 1993.

Sec. 161.124. SECURITY FOR BID. The board may require bidders to accompany their bids with exchange or bank cashier's checks in an amount considered adequate by the board to be a forfeit guaranteeing the acceptance and payment for bonds covered by the

bids and accepted by the board.

Acts 1977, 65th Leg., p. 2661, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.11, eff. Aug. 30, 1993.

Sec. 161.125. SALE OF BONDS. Bonds may be sold at public or private sale at a price or prices and on terms determined by the board.

Acts 1977, 65th Leg., p. 2661, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.12, eff. Aug. 30, 1993.

Sec. 161.126. REPLACEMENT BONDS. The board may provide for replacement of bonds that are mutilated, lost, or destroyed.

Acts 1977, 65th Leg., p. 2661, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.127. REFUNDING BONDS. (a) The board may provide by resolution for issuance of refunding bonds for the purpose of refunding outstanding bonds issued under this chapter together with accrued interest on the bonds.

(b) As far as applicable, the preceding provisions of this subchapter shall govern:

- (1) the issuance of the refunding bonds;
- (2) the maturities and other details of the refunding bonds;
- (3) the rights of bondholders; and
- (4) the duties of the board with respect to the refunding bonds.

Acts 1977, 65th Leg., p. 2661, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.128. BONDS AS INVESTMENTS AND SECURITY. (a) Bonds issued under this chapter are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians, and for the sinking funds of cities, towns, villages, counties, school districts, and other political subdivisions and public agencies of the state.

(b) The bonds are legal and sufficient security for the deposits in the amount of the par value of the bonds.

Acts 1977, 65th Leg., p. 2661, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.13, eff. Aug. 30, 1993.

Sec. 161.129. TAXATION OF BONDS. Bonds are exempt from any tax by the state and by cities, towns, villages, counties, school districts, and other political subdivisions and public agencies of the state.

Acts 1977, 65th Leg., p. 2661, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.14, eff. Aug. 30, 1993.

Sec. 161.130. CONSTITUTIONAL APPROPRIATIONS. (a) If during the existence of the fund or during the time general obligation bonds are payable from the fund the board determines that there will not be sufficient money in the fund during the following biennium available to pay principal of or interest on the bonds that are to come due and to be paid from the fund during that biennium, the comptroller shall transfer to the fund the first money coming into the State Treasury not otherwise appropriated by the constitution in amounts sufficient to pay the obligations.

(b) The money appropriated shall be used to pay the obligations only if at the time the principal or interest actually become due there is not sufficient money in the fund available to pay the amount due.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 1.15, eff. Aug. 30, 1993.

Sec. 161.131. MINORITY-OWNED BUSINESSES. (a) The board shall make a good faith effort to award to minority-owned businesses:

- (1) contracts relating to the issuance of bonds by the board under this chapter in the amount of at least 20 percent of the total costs of issuing those bonds; and

- (2) contracts for the items to be financed by bonds issued by the board in the amount of at least 20 percent of the proceeds of those bonds.

(b) Not later than October 31 of each year, the board shall file with the governor and each house of the legislature a written report containing the following information for the previous year for all businesses and for minority-owned businesses classified by

minority group:

(1) the total number of contracts relating to the issuance of bonds by the board under this chapter and to the items to be financed by those bonds;

(2) the total dollar amount the board must pay under each contract described by Subdivision (1) of this subsection; and

(3) the total number of businesses submitting bids or proposals relating to the issuance of bonds by the board under this chapter and to the items to be financed by those bonds.

(c) In this section:

(1) "Minority-owned business" means a business entity at least 51 percent of which is owned by members of a minority group or, in the case of a corporation, at least 51 percent of the shares of which are owned by members of a minority group, and that is managed and controlled by members of a minority group in its daily operations.

(2) "Minority group" includes:

(A) African Americans;

(B) American Indians;

(C) Asian Americans; and

(D) Mexican Americans and other Americans of Hispanic origin.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 1.15, eff. Aug. 30, 1993.

Sec. 161.132. WOMEN-OWNED BUSINESSES. (a) The board shall make a good faith effort to award to women-owned businesses:

(1) contracts relating to the issuance of bonds by the board under this chapter in the amount of at least 10 percent of the total costs of issuing those bonds; and

(2) contracts for the items to be financed by bonds issued by the board in the amount of at least 10 percent of the proceeds of those bonds.

(b) Not later than October 31 of each year, the board shall file with the governor and each house of the legislature a written report containing the following information for the previous year for all businesses and for women-owned businesses classified by minority group:

(1) the total number of contracts relating to the issuance of bonds by the board under this chapter and to the items to be financed by those bonds;

(2) the total dollar amount the board must pay under each contract described by Subdivision (1) of this subsection; and

(3) the total number of businesses submitting bids or proposals relating to the issuance of bonds by the board under this chapter and to the items to be financed by those bonds.

(c) In this section:

(1) "Women-owned business" means a business entity at least 51 percent of which is owned by women or, in the case of a corporation, at least 51 percent of the shares of which are owned by women, and that is managed and controlled by women in its daily operations.

(2) "Minority group" includes:

(A) African Americans;

(B) American Indians;

(C) Asian Americans; and

(D) Mexican Americans and other Americans of Hispanic origin.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 1.15, eff. Aug. 30, 1993.

SUBCHAPTER E. VETERANS' LAND FUND

Sec. 161.171. MONEY AND LAND INCLUDED IN FUND. (a) The veterans' land fund shall include:

(1) land purchased by the board from money in the fund;

(2) money attributable to general obligation bonds issued and sold by the board, including proceeds from the issuance and sale of the bonds;

(3) money received from the sale or resale of land or rights in land purchased with the proceeds from the general obligation bonds;

(4) money received from the sale or resale of land or rights in land purchased with other money attributable to the general obligation bonds;

(5) proceeds derived from the sale or other disposition of the board's interest in:

(A) contracts for the sale of land or rights in

land; or

(B) a loan made under Subchapter K;

(6) interest and penalties received from the sale or resale of land purchased under this chapter or from rights in the land;

(7) bonuses, income, rents, royalties, and any other pecuniary benefit received by the board from:

(A) land purchased under this chapter; or

(B) loans made under Subchapter K;

(8) money received as indemnity or forfeiture for the failure of any bidder for purchase of general obligation bonds to comply with the person's bid and accept and pay for the bonds or for the failure of a bidder for purchase of land comprising a part of the fund to comply with the person's bid and accept and pay for the land and amounts received by the board under bond enhancement agreements with respect to the bonds;

(9) interest received from investments of this money;

(10) any interest of the board in a loan made under Subchapter K using money in the fund, including any title insurance related to the loan or land purchased with the loan; and

(11) any equitable interest in property encumbered under Subchapter K and attributable to the fund.

(b) Except as otherwise provided by law, money in the fund shall be deposited in the State Treasury to the credit of the fund. Acts 1977, 65th Leg., p. 2662, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.17, eff. Aug. 30, 1993; Acts 1997, 75th Leg., ch. 71, Sec. 1, eff. May 9, 1997; Acts 2001, 77th Leg., ch. 333, Sec. 1, eff. May 21, 2001.

Sec. 161.173. INVESTMENT OF MONEY IN FUND. (a) Money in the fund that is not immediately committed to paying principal of and interest on the bonds, to the purchase of land, or to the payment of expenses as provided in this chapter may be invested in:

(1) direct security repurchase agreements and reverse security repurchase agreements made with state or national banks that have main offices or branch offices in this state or with primary dealers as approved by the Federal Reserve System;

(2) direct obligations of or obligations the principal and interest of which are guaranteed by the United States;

(3) direct obligations of or obligations guaranteed by the Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Farm Credit System, the Student Loan Marketing Association, the Federal Home Loan Mortgage Corporation, or a successor organization to one of those organizations;

(4) bankers' acceptances that:

(A) are eligible for purchase by members of the Federal Reserve System;

(B) do not exceed 270 days to maturity; and

(C) are issued by a bank that has received the highest short-term credit rating by a nationally recognized investment rating firm;

(5) commercial paper that:

(A) does not exceed 270 days to maturity; and

(B) has received the highest short-term credit rating by a nationally recognized investment rating firm;

(6) contracts written by the board in which the board grants the purchaser the right to purchase securities in the board's marketable securities portfolio at a specified price over a specified period and for which the board is paid a fee and specifically prohibits naked-option or uncovered option trading;

(7) obligations of a state or an agency, county, city, or other political subdivision of a state, including revenue bonds issued under Chapter 164, and mutual funds composed of these obligations;

(8) an investment instrument, obligation, or other evidence of indebtedness the payment of which is directly or indirectly guaranteed by the full faith and credit of the United States;

(9) an investment, account, depository receipt, or deposit that is fully:

(A) insured by the Federal Deposit Insurance Corporation or its successor; or

(B) secured by securities described by Subdivision (2), (3), or (8) of this subsection;

(10) a collateralized mortgage obligation fully secured by securities or mortgages issued or guaranteed by the

Government National Mortgage Association (GNMA) or any entity described by Subdivision (3) of this subsection;

(11) a security or evidence of indebtedness issued by the Farm Credit System Financial Assistance Corporation, the Private Export Funding Corporation, or the Export-Import Bank; and

(12) any other investment authorized for investment of state funds by the comptroller under Section 404.024, Government Code.

(b) In this section:

(1) "Direct security repurchase agreement" means an agreement under which the board buys, holds for a specified time, and then sells back any of the following securities, obligations, or participation certificates:

(A) United States government securities;

(B) direct obligations of or obligations the principal and interest of which are guaranteed by the United States;

(C) direct obligations of or obligations guaranteed by the Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Farm Credit System, the Student Loan Marketing Association, the Federal Home Loan Mortgage Corporation, or a successor organization to one of those organizations; or

(D) any other investment instrument, obligation, or other evidence of indebtedness the payment of which is directly or indirectly guaranteed by the full faith and credit of the United States.

(2) "Market value" means the fair and reasonable prevailing price at which a security is being sold on the open market at the time of the appraisal of the security by the board.

(3) "Reverse security repurchase agreement" means an agreement under which the board sells and after a specified time buys back any of the securities, obligations, or participation certificates listed in Paragraphs (A) through (D) of Subdivision (1) of this subsection.

(c) The Veterans Land Board shall not invest more than \$50 million in revenue bonds issued under Chapter 164 and shall report to the governor, the senate committee on finance, and the house of representatives committee on appropriations on or before December 1, 2000, regarding the status of its investment in such revenue bonds and all related debt service.

Acts 1977, 65th Leg., p. 2662, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1989, 71st Leg., ch. 720, Sec. 2, eff. June 14, 1989; Acts 1991, 72nd Leg., ch. 56, Sec. 1, 2; Acts 1993, 73rd Leg., ch. 242, Sec. 1.18, eff. Aug. 30, 1993; Acts 1995, 74th Leg., ch. 265, Sec. 2, eff. Aug. 28, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 14.17, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 262, Sec. 1, 2, eff. May 28, 1999; Acts 1999, 76th Leg., ch. 344, Sec. 5.013, eff. Sept. 1, 1999.

Sec. 161.1731. CUSTODY AND INVESTMENT OF ASSETS PENDING TRANSACTIONS. With the approval of the comptroller, the board, in managing the assets of the fund, pending the completion of an investment transaction, may:

(1) select one or more commercial banks, depository trust companies, or other entities to serve as a custodian of the cash or securities of the fund; and

(2) authorize the custodian to invest cash held under Subdivision (1) in the investments determined by the board.

Added by Acts 1997, 75th Leg., ch. 71, Sec. 2, eff. May 9, 1997.

Sec. 161.1732. LENDING SECURITIES. (a) In managing the assets of the fund, the board may:

(1) select one or more commercial banks, depository trust companies, or other entities to serve as a custodian of the securities of the fund; and

(2) authorize the custodian to lend the securities held under Subdivision (1) as provided by this section and by rules adopted by the board.

(b) To be eligible to lend securities under this section, a custodian selected by the board under Subsection (a) must be experienced in the operation of a fully secured securities loan program and must:

(1) maintain adequate capital in the prudent judgment of the board to assure the safety of the securities;

(2) execute an indemnification agreement satisfactory in form and content to the board fully indemnifying the board

against loss resulting from the custodian's operation of a securities loan program for the fund's securities; and

(3) require any securities broker or dealer to whom it lends securities of the fund to deliver to, and maintain with, the custodian collateral in the form of cash, United States government securities, or letters of credit that are issued by banks rated as to investment quality not less than A or its equivalent by a nationally recognized investment rating firm in an amount equal to at least 100 percent of the market value, from time to time, of the loaned securities.

Added by Acts 1997, 75th Leg., ch. 71, Sec. 2, eff. May 9, 1997. Amended by Acts 1999, 76th Leg., ch. 134, Sec. 2, eff. May 20, 1999.

Sec. 161.174. USE OF FUND TO PAY PRINCIPAL AND INTEREST. The principal of and interest on bonds issued by the board shall be paid from money in the fund as provided by the constitutional provision authorizing the bonds.

Acts 1977, 65th Leg., p. 2662, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.19, eff. Aug. 30, 1993.

Sec. 161.175. USE OF FUND TO PAY EXPENSES RELATED TO THE LAND. (a) The board may use money in the fund attributable to bonds that have been issued and sold to pay:

(1) expenses of surveying and monumenting the land and the tracts of land;

(2) the cost of constructing roads on the land or the tracts of land;

(3) legal fees, recordation fees, and advertising costs arising from the purchase and sale or resale of the land and the tracts of land; and

(4) other similar costs necessary or incidental to the purchase and sale of land acquired by the board.

(b) These expenses shall be added to the price of the land when sold or resold by the board.

(c) The board may award a contract in an amount not to exceed \$25,000 to purchase supplies, materials, services, and equipment for use by the board in connection with improvements to, repairs to, or maintenance of land and with roadways and improvements located on land that are undertaken by the board under this chapter to make the land more marketable or useable without the necessity of soliciting or obtaining competitive bids. The board may not award a contract under this subsection in an amount that exceeds \$25,000 without soliciting or obtaining competitive bids.

Acts 1977, 65th Leg., p. 2663, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.20, eff. Aug. 30, 1993; Acts 2003, 78th Leg., ch. 25, Sec. 1, eff. May 12, 2003.

Sec. 161.176. USE OF FUND TO PAY BOND EXPENSES. The board may use money in the fund attributable to bonds issued and sold to pay:

(1) legal fees and fees for financial advice necessary in the opinion of the board to the sale of bonds;

(2) the expense of publishing notice of sale of an installment of bonds;

(3) the expense of printing the bonds;

(4) the expenses of issuance of the bonds, including the actual costs of travel, lodging, and meals of board members, officers or employees of the board, the comptroller, and the attorney general that are necessary in the opinion of the board to effectuate the issuance, rating, and delivery of the bonds;

(5) the cost of manually signing the bonds;

(6) remuneration to any agent employed by the board to pay the principal of and interest on the bonds;

(7) any amounts required to be paid to maintain the federal tax exemption of interest on the bonds; and

(8) all other costs, fees, and expenses relating to the issuance of the bonds.

Acts 1977, 65th Leg., p. 2663, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1989, 71st Leg., ch. 720, Sec. 3, eff. June 14, 1989; Acts 1993, 73rd Leg., ch. 242, Sec. 1.21, eff. Aug. 30, 1993; Acts 1997, 75th Leg., ch. 1423, Sec. 14.18, eff. Sept. 1, 1997.

Sec. 161.177. PURCHASE AND DESTRUCTION OF BONDS. (a) The board may use money in the fund to purchase on the open market any bonds it has issued and sold, and the debt represented by these bonds when purchased is considered canceled.

(b) Bonds purchased by the board under Subsection (a) of this section shall be mutilated, burned, or otherwise destroyed by the comptroller, who shall certify this fact to the board under the seal of his office.

(c) No further interest shall be paid on these bonds. Acts 1977, 65th Leg., p. 2664, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 14.19, eff. Sept. 1, 1997.

Sec. 161.178. DISPOSAL OF EXCESS FUNDS. Subject to the provisions of the constitution:

(a) Money in the fund that is not spent for the purposes provided in this chapter shall remain in the fund until there is sufficient money to retire fully bonds issued and sold by the board.

(b) Money in the fund that is in addition to that necessary to retire the bonds shall be deposited to the credit of the General Revenue Fund to be appropriated as provided by law, and the money necessary to retire the bonds shall be set aside and shall remain in the fund.

(c) Money that becomes at a later time a part of the fund after there is sufficient money to retire the bonds shall be deposited to the credit of the General Revenue Fund.

Acts 1977, 65th Leg., p. 2664, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 17, eff. Sept. 1, 1985.

Sec. 161.179. SALE OF LAND AND LAND CONTRACTS. Notwithstanding any other provision of this chapter, the board may sell at public or private sale, with or without public bidding, any or all of the land contracts and related land. Proceeds from the sale shall be deposited in the fund or account from which the contracts or related land were sold and otherwise applied in the manner set forth in this chapter, except that at the direction of the board the sale proceeds may be used by the board, together with other available money, to discharge, pay, or redeem, in whole or in part, outstanding bonds issued by the board.

Acts 1977, 65th Leg., p. 2664, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 18, eff. Sept. 1, 1985; Acts 1993, 73rd Leg., ch. 242, Sec. 1.22, eff. Aug. 30, 1993.

Sec. 161.180. TEMPORARY TRANSFERS. Amounts temporarily transferred from the fund to the veterans' housing assistance fund or the veterans' housing assistance fund II under the Texas Constitution shall be returned to the fund as soon as practicable. Investment earnings allocated by the board to the transferred amounts shall be credited to the fund as if the transfer had not been made.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 1.23.

SUBCHAPTER F. PURCHASE, SALE, AND OTHER DISPOSITION OF LAND

Sec. 161.2111. REPORT TO BOND REVIEW BOARD. With respect to purchases made under this chapter, the Veterans' Land Board shall file semiannually with the Bond Review Board a report on the performance of loans made by the Veterans' Land Board in connection with the purchases. The Bond Review Board shall review the reports filed by the Veterans' Land Board under this section to assess the performance of loans made under this chapter. The filing dates and the contents of the reports must comply with any rules adopted by the Bond Review Board.

Added by Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 13.02, eff. Aug. 22, 1991. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.355, eff. Sept. 1, 2001.

Sec. 161.212. APPRAISAL. (a) Before purchasing land under the provisions of this chapter, the board shall have an appraisal of the property made to determine its value.

(b) A person making an appraisal on behalf of the board shall be licensed or certified as an appraiser by the State of Texas.

(c) The appraiser shall make a written report to the board in the form and manner required by the board.

(d) Repealed by Acts 2003, 78th Leg., ch. 674, Sec. 21, eff. Sept. 1, 2003.

Acts 1977, 65th Leg., p. 2665, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 7, eff. Sept. 1, 1985; Acts 2003, 78th Leg., ch. 674, Sec. 1, 21, eff. Sept. 1, 2003.

Sec. 161.213. SWORN REPORT. (a) Before the board purchases

land under Section 161.211 of this code or Subchapter G of this chapter, it shall require the seller to execute a sworn report to the board that shall include the following:

- (1) the date the seller purchased the land;
- (2) the amount the seller paid for the land if purchased subsequent to June 7, 1949;
- (3) from whom the seller purchased the land; and
- (4) the improvements made on the land since the seller purchased it and the cost of the improvements.

(b) If the land is purchased under Subchapter G of this chapter, the sworn report shall include the following additional information:

- (1) if the seller by any manner or method is making the down payment to the board on behalf of the veteran;
- (2) if there is a lease arrangement between the seller and the veteran, and if so, the duration, term, and amount to be paid; and
- (3) if there is an agreement or contract of any nature between the seller and the veteran to transfer, sell, or convey at any time in the future.

Acts 1977, 65th Leg., p. 2665, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.214. TITLE. (a) Before making payment for land, the board shall have the title of the property sought to be purchased examined and may require for this purpose a title insurance policy or appropriate examination of title. The board may submit the title to the attorney general for examination and opinion.

(b) The board may purchase land that has mineral interests outstanding or that is subject to title exceptions acceptable to the board.

Acts 1977, 65th Leg., p. 2666, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 2, eff. Sept. 1, 2003.

Sec. 161.215. PURCHASE OF LAND. Land purchased by the board shall be acquired at the lowest price that can be obtained in the opinion of the board, taking into consideration the quality, location, natural advantages, and improvements of the land. The land shall be paid for in cash and shall be clear of all liens and shall be a part of the fund.

Acts 1977, 65th Leg., p. 2666, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.216. COST OF LAND SOLD BY BOARD. Except for forfeited land that may be resold by the board at less than actual cost under Section 161.319 of this code, land shall not be sold by the board at less than its actual cost.

Acts 1977, 65th Leg., p. 2666, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.24, eff. Aug. 30, 1993.

Sec. 161.217. APPOINTMENT OF LOCAL COMMITTEE. The commissioners court of each county in the state shall appoint a committee composed of three resident real property owners of the county.

Acts 1977, 65th Leg., p. 2666, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.218. WORK OF LOCAL COMMITTEE. (a) A person who considers himself an eligible veteran under this chapter and who desires to benefit under this chapter shall submit to the local committee the forms prescribed by the board before he submits his application of purchase and sales contract to the board. If the veteran is a resident of one county and is seeking to purchase land located in another, he shall submit the forms to the local committee in both counties.

(b) The local committee shall consider the forms and shall submit to the board a report concerning the financial responsibility of the veteran, if it is known, a statement of opinion as to whether or not the transaction is bona fide, a statement as to the amount the committee considers to be the reasonable value of the land in question, and a statement of the credit rating of the veteran applicant.

(c) Notwithstanding Subsection (a) or (b) of this section, or Section 161.217 of this subchapter, the committees of the various counties shall function as provided by the board's rules and may be abolished by the board if it is determined that they are no longer necessary.

Acts 1977, 65th Leg., p. 2666, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 8, eff. Sept. 1, 1985.

Sec. 161.219. BOARD INVESTIGATION. (a) The board may make inquiries and investigations it considers proper to determine the veteran's eligibility and qualifications and shall obtain from the veteran a written credit report.

(b) If the board determines from the information submitted or from its own inquiries and investigations that the financial responsibility of the veteran leaves reasonable doubt as to his ability to carry the contract through to completion and make all payments, the board shall reject the application.

Acts 1977, 65th Leg., p. 2666, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 9, eff. Sept. 1, 1985.

Sec. 161.220. EXEMPTION. The provisions of Sections 161.217 through 161.219 of this code do not apply to sales under Sections 161.175, 161.231 through 161.234, and 161.319 of this code unless the board so desires.

Acts 1977, 65th Leg., p. 2666, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.221. INITIATION OF SALE. The sale of land by the board may be properly initiated by contract of sale and purchase, and the contract shall be recorded in the deed records in the county in which the land is located.

Acts 1977, 65th Leg., p. 2667, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.222. PURCHASE PAYMENTS. (a) The purchaser shall make an initial payment in an amount set by the board's rules for land sold under this chapter.

(b) The balance of the selling price shall be amortized over a period determined by the board not to exceed 40 years together with interest at a fixed, variable, floating, or other rate or rates determined by the board.

(c) The purchaser is entitled to pay any or all installments still remaining unpaid on any installment date.

(d) In an individual case, the board may postpone for good cause the payment of the whole or any part of an installment of the selling price or interest on the selling price on terms the board considers proper.

Acts 1977, 65th Leg., p. 2667, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1979, 66th Leg., p. 1898, ch. 768, Sec. 1, eff. June 13, 1979; Acts 1985, 69th Leg., ch. 798, Sec. 10, 20, eff. Sept. 1, 1985; Acts 1993, 73rd Leg., ch. 242, Sec. 1.25, eff. Aug. 30, 1993.

Sec. 161.223. BOARD TO SPECIFY TERMS. The board may specify in each individual case the terms of the contract entered into with the purchaser as long as they are not contrary to the provisions of this chapter.

Acts 1977, 65th Leg., p. 2667, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.224. TIME LIMIT ON TRANSFER. (a) No property sold under this chapter may be transferred, sold, or conveyed in whole or part until the original veteran purchaser has enjoyed possession for a period of three years from the date of purchase of the property and complied with the terms and conditions of this chapter and rules of the board.

(b) If the veteran purchaser dies or becomes financially incapacitated or if there is an involuntary transfer by court order or proceedings including bankruptcy, sheriff or trustee sale, or divorce, the property may be conveyed before the expiration of the three-year period by the purchaser or his heirs, administrators, or executors by complying with rules of the board and by securing the approval of the board.

(c) After the three-year period, a purchaser may transfer, sell, or convey land purchased under this chapter at any time if all mature interest, principal, and taxes have been paid, the terms and conditions of this chapter and rules of the board have been met, and the approval of the board has been obtained.

Acts 1977, 65th Leg., p. 2667, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.225. SALE TO A NONVETERAN. If the sale is made to a person other than a qualified Texas veteran, the assignee and all subsequent assignees shall assume an interest rate on the indebtedness to the board determined by the board at an amount not

less than one percent a year greater than the rate determined by the board for sale to veterans under Sections 161.175 and 161.231 through 161.234 of this code or Subchapter G of this chapter on the date on which the transfer, sale, or conveyance is approved. If the purchase contract is awarded in a divorce action or incident to a written separation agreement, the interest rate shall not change. Acts 1977, 65th Leg., p. 2667, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.226. DISPOSITION OF LAND THAT IS PAID FOR. Property sold under this chapter may be transferred, sold, or conveyed at any time after the entire indebtedness due to the board has been paid.

Acts 1977, 65th Leg., p. 2668, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.227. LEASE OF LAND. (a) No land purchased under this chapter may be leased by the purchaser for a term of more than 10 years except as follows:

(1) leases for oil, gas, and other minerals may be for a term of not more than 10 years, and as long thereafter as such oil, gas, and other minerals are produced from the land in commercial quantities;

(2) leases for coal and lignite may be for a term of not more than 40 years, and as long thereafter as such coal and lignite are produced from the land in commercial quantities; and

(3) leases, whether referred to as leases, licenses, or easements, for microwave, radio, or other communication towers, may be for a term of not more than 50 years.

(b) No lease may contain a provision for option or renewal of the lease or re-lease of the property for any term which would cause the entire fixed term of such lease or leases to exceed the applicable maximum fixed term set forth in Subsection (a)(1), (2), or (3) above, and the taking of any such option, renewal, or re-lease agreement in a separate instrument to take effect in the future is prohibited. A lease or instrument that contains an option, renewal, or re-lease agreement in violation of this section is expressly declared to be void.

Acts 1977, 65th Leg., p. 2668, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1981, 67th Leg., p. 3080, ch. 812, Sec. 1, eff. June 17, 1981; Acts 2003, 78th Leg., ch. 674, Sec. 3, eff. Sept. 1, 2003.

Sec. 161.228. CONDITIONS OF LEASES. While the veteran is indebted to the board for land purchased, if he executes or there exists a lease or contract of sale of oil, gas, or other minerals, chemicals, or hard metals or a lease or contract of sale for timber, sand, gravel, or other materials that covers all or part of the land and that would result in the depletion of the corpus of the tract, at least one-half of all bonus money, delay rentals, and royalties received as consideration for or payment under the oil, gas, and mineral lease and at least one-half of all money received under a lease or contract of sale of any other minerals, chemicals, hard metals, timber, sand, gravel, and other materials or as much as is required, shall be paid to the board by the owner of the lease or contract of sale and applied by the board to the satisfaction of the indebtedness.

Acts 1977, 65th Leg., p. 2668, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1981, 67th Leg., p. 3080, ch. 812, Sec. 2, eff. June 17, 1981.

Sec. 161.229. DEEDS. (a) When the entire indebtedness due the state under the contract of sale is paid, the chairman of the board shall execute a deed under seal to the original purchaser of the land or to the last assignee whose assignment has been approved by the board.

(b) None of the provisions of this chapter shall be construed to prohibit the board from accepting full payment for a portion of a tract and issuing a deed to the land according to the rules of the board.

(c) Deeds issued by the board and executed by the chairman under seal are ratified, confirmed, and validated whether they convey all or only a part of the land contracted to be sold to the veteran.

(d) If a deed is executed to a person other than the legal owner or to a deceased grantee, the deed and the rights conveyed still inure to the benefit of the legal owner.

Acts 1977, 65th Leg., p. 2668, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.230. DEATH OF PURCHASER. (a) If the purchaser of the land dies while indebted to the board under a contract, his rights, acquired under this chapter and the contract devolve on his heirs, devisees, or personal representatives under the laws of this state, but subject to all rights, claims, and charges of the board.

(b) Default by an heir, devisee, or personal representative with respect to a right, claim, or charge of the board has the same effect as default by the purchaser before his death.
Acts 1977, 65th Leg., p. 2669, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.231. SUBDIVIDING LAND. Land acquired by the board may be subdivided for sale into tracts of the size the board may consider advisable.

Acts 1977, 65th Leg., p. 2669, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.232. CONDITIONS FOR SALE OF LAND. Land acquired and subdivided under Sections 161.175, 161.231, 161.233, and 161.234 of this code shall be offered for sale according to rules adopted by the board and shall be sold by the board to veterans qualified to participate in the program in conformity with the provisions of this chapter relating to the sale of land purchased generally by the board.

Acts 1977, 65th Leg., p. 2669, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.233. DOWN PAYMENT. (a) The sale price of land sold under Sections 161.175 and 161.231, 161.232, and 161.234 of this code may include the addition of the expenses and fees in Sections 161.069, 161.070, and 161.175 of this code. Provided, however, no tract may be sold under Sections 161.175 and 161.231, 161.232, and 161.234 of this code at a price exceeding \$40,000 unless the veteran pays the board in cash, in accordance with its rules, a down payment equal to that portion of the sale price in excess of \$40,000. This down payment shall be in addition to the initial payment required by Section 161.222 of this code and shall be paid not later than the sale date.

(b) If the sale is not consummated, the down payment shall be refunded to the veteran.

Acts 1977, 65th Leg., p. 2669, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1979, 66th Leg., p. 1899, ch. 768, Sec. 2, eff. June 13, 1979; Acts 1985, 69th Leg., ch. 798, Sec. 11, eff. Sept. 1, 1985; Acts 1991, 72nd Leg., ch. 160, Sec. 1, eff. Aug. 26, 1991.

Sec. 161.234. SALE TO OTHER PURCHASERS. The provisions of Sections 161.175 and 161.231 through 161.233 of this code notwithstanding, land acquired and subdivided under these sections that has first been offered for sale to veterans and that has not been sold to the purchasers may be sold to any purchaser in the same manner as land forfeited under this chapter.

Acts 1977, 65th Leg., p. 2669, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.235. RIGHTS OF SURVIVING SPOUSE. If an eligible Texas veteran dies after he has filed with the board an application and contract of sale to purchase through the board the tract selected by him or her and before the purchase is completed, the surviving spouse of the veteran may complete the transaction.

Acts 1977, 65th Leg., p. 2669, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.236. NUMBER OF TRACTS PURCHASED. The board may promulgate rules to determine the number of tracts of land that a veteran may purchase under this chapter.

Acts 1977, 65th Leg., p. 2669, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1999, 76th Leg., ch. 133, Sec. 1, eff. May 20, 1999.

SUBCHAPTER G. PURCHASE AND SALE OF SELECTED LAND

Sec. 161.281. SELECTION OF LAND. (a) If a veteran desires a particular tract of land located in this state, on proper showing of eligibility to benefits under this chapter, he may be authorized by the board to select the land that he desires and submit his selection to the board on its prescribed form.

(b) The board shall establish a procedure that requires the veteran to personally inspect the tract he has selected. The board may by rule waive the inspection requirement. If the board grants the veteran's request for a waiver, the veteran must designate in writing a personal representative who will inspect the tract for him. The veteran's representative shall submit to the board an

affidavit stating that he has inspected the tract the veteran selected.

(c) In order to respond to market conditions, the board may from time to time by rule set the minimum acreage that a veteran may purchase. However, the board may not set the minimum acreage at less than one acre.

Acts 1977, 65th Leg., p. 2669, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 12, eff. Sept. 1, 1985; Acts 2003, 78th Leg., ch. 674, Sec. 4, eff. Sept. 1, 2003.

Sec. 161.282. PROCESSING APPLICATIONS. As far as practical, applications shall be processed in the order in which they are received by the board.

Acts 1977, 65th Leg., p. 2670, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.283. PURCHASE BY BOARD. (a) If the board is satisfied with the value and desirability of the property selected by the veteran, it may purchase the land from its owner on the agreed terms.

(b) The board shall pay not more than \$60,000 for the property, but may pay more if the veteran pays to the board or the board's designee in cash, in accordance with its rules, that portion of the purchase price in excess of the amount that the board agrees to pay. The amount shall be paid not later than the date on which the board acquires title to the property.

(c) A cash payment by the veteran is considered a down payment on the price of the land when sold to the veteran by the board and is in addition to the initial payment required by Section 161.222 of this code.

Acts 1977, 65th Leg., p. 2670, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1979, 66th Leg., p. 1899, ch. 768, Sec. 3, eff. June 13, 1979; Acts 1991, 72nd Leg., ch. 160, Sec. 2, eff. Aug. 26, 1991; Acts 2003, 78th Leg., ch. 674, Sec. 5, eff. Sept. 1, 2003.

Sec. 161.284. APPRAISAL AND TITLE. The board shall have an appraisal of the property made as it considers necessary to determine the value and, before consummating the purchase, shall satisfy itself regarding the title as provided in Section 161.214 of this code. The board may by rule require an on-site meeting between the appraiser and the veteran.

Acts 1977, 65th Leg., p. 2670, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 13, eff. Sept. 1, 1985.

Sec. 161.285. SEPARATE TRANSACTIONS. (a) No transaction under this chapter may be considered together with any other transaction to constitute a block deal between the state and two or more veteran purchasers, and each tract of land is considered as a wholly separate entity without dependence on any other tract of land, substance, matter, person, or thing in determining its value, purchase, or sale under this chapter.

(b) None of the provisions of this chapter may be construed to prevent the purchase or sale or both of contiguous tracts of land to separate purchasers as long as the value of the land is determined in the manner provided in Section 161.284 of this code.

Acts 1977, 65th Leg., p. 2670, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.286. PURCHASE PREFERENCE. (a) The property acquired by the board becomes a part of the fund, but the veteran who has selected the land has a preference right to purchase the land from the board.

(b) To be entitled to the preference right, the veteran shall agree in writing before the board purchases the land to purchase the land from the board for the price paid for it.

(c) If the veteran fails or refuses to exercise the preference right, the land may be sold by the board in the same manner provided for the sale of land forfeited under this chapter.

Acts 1977, 65th Leg., p. 2670, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.287. RULES GOVERNING SALE. The rules governing the sale of land under this subchapter are governed by the provisions of this chapter relating to sale of land generally by the board except where those provisions conflict with this subchapter.

Acts 1977, 65th Leg., p. 2670, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.288. REFUND. If the title to the land is not approved and accepted by the board, any amount paid to the board or the board's designee in excess of the amount that the board agreed

to pay for the selected land shall be refunded to the veteran together with any other down payment remitted to the board. Acts 1977, 65th Leg., p. 2671, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 6, eff. Sept. 1, 2003.

SUBCHAPTER H. FORFEITURE

Sec. 161.311. BOARD JUDGE OF FORFEITURE. The board is the sole judge of forfeiture of any purchase contract under this chapter and any person availing himself of the provisions of this chapter by so doing agrees to abide by this chapter.

Acts 1977, 65th Leg., p. 2671, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.312. FORFEITURE BY BOARD. (a) If a portion of the principal of or interest on any sale is not paid when due, or if the provisions of this chapter, the contract, or the rules of the board are not complied with, the contract of sale and purchase is subject to forfeiture by action of the board on 30 days written notice to the original purchaser and his vendee.

(b) The notice shall state the reason why the contract of sale and purchase is subject to forfeiture and is sufficient if given by certified mail to the last known address of the original purchaser and his vendees.

Acts 1977, 65th Leg., p. 2671, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1999, 76th Leg., ch. 134, Sec. 3, eff. May 20, 1999.

Sec. 161.313. CORRECTION OF REASON FOR FORFEITURE. If the person corrects or cures the reason for forfeiture within the 30-day notice period, the board shall not enter an order of forfeiture.

Acts 1977, 65th Leg., p. 2671, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.314. TIME OF FORFEITURE. The forfeiture is effective at the time the board meets and adopts a resolution directing its chairman to endorse on the wrapper that contains the papers of the sale or on the purchase contract filed in the land office the word "forfeited" or words of similar import and the date of the action and to officially sign the document. At that time, the land and all payments previously made are forfeited.

Acts 1977, 65th Leg., p. 2671, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.315. NOTICE TO COUNTY CLERK. Notice of the board's action in forfeiting the original contract shall be mailed to the county clerk of the county in which the land is located and the clerk shall:

(1) enter a notation of the forfeiture on the margin of the page or pages containing the record of the original contract; or

(2) record the notice of forfeiture.

Acts 1977, 65th Leg., p. 2671, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 7, eff. Sept. 1, 2003.

Sec. 161.316. EFFECT OF FORFEITURE ON LEASES. On forfeiture, the full title to the land, including both surface and mineral estates, shall revert in the board, and the board shall recognize and continue in force and effect any outstanding valid oil, gas, or mineral lease and collect all rentals, royalties, or other amounts payable under the lease.

Acts 1977, 65th Leg., p. 2671, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.317. REINSTATEMENT OF PURCHASE. (a) If a sale is forfeited and the title to the land reverted in the fund, the original purchaser or the original purchaser's vendee is entitled to reinstate the purchase contract at any time before the date on which the board meets and orders the land to be advertised for resale or for lease for mineral development but not after that time. If a contract is forfeited more than two times, the board may require, as a condition of reinstatement, that the purchaser or the purchaser's vendee pay the account in full.

(b) A person who exercises a right of reinstatement shall:

(1) pay all delinquent installments, penalties, and costs incident to the reinstatement; and

(2) fulfill any other requirements prescribed by the board.

Acts 1977, 65th Leg., p. 2671, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 8, eff. Sept.

1, 2003.

Sec. 161.318. RESALE OF LAND. Land included in a forfeited contract is subject to resale under Section 161.319 of this code. Acts 1977, 65th Leg., p. 2672, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.319. RESALE OF FORFEITED LAND. (a) Resale of forfeited land under this chapter may be made to the highest bidder under terms and conditions and at the time and in the manner prescribed by the board in its rules, the provisions of this chapter notwithstanding.

(b) The board may reject any and all bids.

(c) If the successful bidder refuses to execute a contract of sale and purchase, the money submitted with the person's bid is forfeited and shall be deposited in the State Treasury and credited to the fund.

Acts 1977, 65th Leg., p. 2672, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 1.26, eff. Aug. 30, 1993.

Sec. 161.320. LATE PAYMENTS; DEFAULT INTEREST RATE. (a) The board may impose charges for late payments.

(b) In addition to charging for late payments under Subsection (a), the board may set and impose a default rate of interest on:

(1) the past due amounts; or

(2) the entire unpaid balance.

Acts 1977, 65th Leg., p. 2672, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 14, eff. Sept. 1, 1985; Acts 2003, 78th Leg., ch. 674, Sec. 9, eff. Sept. 1, 2003.

Sec. 161.321. VACATING PREMISES. If the board declares a forfeiture under a purchase contract, the purchaser shall vacate the premises within 45 days after the date of the letter giving notice of the declaration. The letter shall be sent by registered mail to the last known address of the purchaser.

Acts 1977, 65th Leg., p. 2672, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.322. ENFORCEMENT OF FORFEITURE AND PROTECTION OF RIGHTS. The board, by and through the attorney general, shall institute legal proceedings that are necessary to enforce the forfeiture or to recover the full amount of the delinquent installments, interest, and other penalties that may be due to the board at the time the forfeiture occurred or to protect any other right to the land.

Acts 1977, 65th Leg., p. 2672, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.323. LIABILITY. The liability of the original veteran purchaser and any subsequent assignee or assignees of the veteran are joint and several, but the original veteran purchaser is primarily liable for payment of the money under the original contract of sale and purchase. The board may release an assignor from liability under this section if at least three years have passed since the approved assignment.

Acts 1977, 65th Leg., p. 2672, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 10, eff. Sept. 1, 2003.

Sec. 161.324. DEFENSES IN LAWSUITS. After obtaining the permission of the legislature, in any action brought in the courts against the state involving the title to a tract of land to which the state has a warranty deed, the state is entitled to plead all statutes of limitations in the general laws of this state, but this shall not be considered as a limitation to any other defense the state may have.

Acts 1977, 65th Leg., p. 2672, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

SUBCHAPTER I. INSURANCE

Sec. 161.361. DEFINITION. In this subchapter, "person purchasing land under the program" means a person or a person's successor or assign who buys land from the board under a contract of sale and purchase regardless of whether the land is sold under Sections 161.175 and 161.231 through 161.234 or Section 161.319 or Subchapter G, or who buys land using a mortgage loan under Subchapter K.

Acts 1977, 65th Leg., p. 2673, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 11, eff. Sept. 1, 2003.

Sec. 161.362. INSURANCE REQUIREMENT. (a) Persons

purchasing land under the program shall carry insurance on the improvements on the property in an amount that the board considers necessary. Failure to do so will subject the contract to forfeiture or the mortgage to foreclosure.

(b) The board may promulgate rules necessary to enforce this subchapter.

(c) Repealed by Acts 2003, 78th Leg., ch. 674, Sec. 21, eff. Sept. 1, 2003.

Acts 1977, 65th Leg., p. 2673, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 14.20, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 674, Sec. 12, 21, eff. Sept. 1, 2003.

Sec. 161.363. INSURANCE CONTRACT. The board may enter into a contract or agreement with one or more insurance companies authorized to do business in this state to provide life, disability, or other insurance coverage to persons purchasing land under the program, if it is in the best interest of the program. Acts 1977, 65th Leg., p. 2673, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 13, eff. Sept. 1, 2003.

Sec. 161.366. INSURANCE NOT MANDATORY. It is not mandatory that a person purchasing land under the program accept the offer of the insurance coverage, and refusal by the person to accept the offer of the coverage shall not be a ground for the board to decline to enter into a contract of sale and purchase or a mortgage with the person.

Acts 1977, 65th Leg., p. 2674, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 14, eff. Sept. 1, 2003.

Sec. 161.368. COLLECTION OF PREMIUM. The board may collect or provide for collection of the insurance premium in a reasonable manner.

Acts 1977, 65th Leg., p. 2674, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 15, eff. Sept. 1, 2003.

Sec. 161.370. CANCELLATION BY INSURER. The contract or agreement shall not prohibit cancellation by the insurer of the entire contract on reasonable notice to the board but shall prohibit cancellation of individual coverage except as provided in this subchapter.

Acts 1977, 65th Leg., p. 2674, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 16, eff. Sept. 1, 2003.

Sec. 161.371. TERMINATION OF INDIVIDUAL COVERAGE. (a) Individual insurance coverage may be terminated for any person on terms agreed to by the insurer and the board

(b) Repealed by Acts 2003, 78th Leg., ch. 674, Sec. 21, eff. Sept. 1, 2003.

(c) Repealed by Acts 2003, 78th Leg., ch. 674, Sec. 21, eff. Sept. 1, 2003.

Acts 1977, 65th Leg., p. 2674, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 2003, 78th Leg., ch. 674, Sec. 17, 18, 21, eff. Sept. 1, 2003.

SUBCHAPTER J. PENALTIES

Sec. 161.401. PENALTY FOR CERTAIN TRANSACTIONS. Any person, seller, veteran, or appraiser who knowingly makes, utters, publishes, passes, or uses any false, fictitious, or forged paper, document, contract, affidavit, application, assignment, or other instrument in writing in connection with or pertaining to any transaction under this chapter is guilty of a felony and on conviction shall be punished by imprisonment in the state penitentiary for not less than two nor more than 10 years, or by a fine of not less than \$1,000 nor more than \$10,000, or by both.

Acts 1977, 65th Leg., p. 2674, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

Sec. 161.402. PENALTY RELATING TO CERTAIN PURCHASES, SALES, AND REALES OF LAND. A person who knowingly files a false, fictitious, or forged paper, document, contract, affidavit, application, assignment, or other instrument in writing relating to the purchase, sale, or resale of land under this chapter is guilty of a felony and on conviction shall be punished by imprisonment in the state penitentiary for not less than two nor more than 10 years or by a fine of not less than \$1,000 nor more than \$10,000, or by both.

Acts 1977, 65th Leg., p. 2675, ch. 871, art. I, Sec. 1, eff. Sept. 1,

1977.

Sec. 161.403. PENALTY FOR DEFRAUDING VETERAN AND STATE. A person who defrauds a veteran of his rights and benefits under this chapter by an act of fraud, duress, deceit, coercion, or misrepresentation or a person who uses the purposes or provisions of this chapter to defraud the state or any veteran by an act of fraud, duress, coercion, misrepresentation, or deceit, is guilty of a felony, and on conviction shall be punished by imprisonment in the state penitentiary for not less than two nor more than 10 years or by a fine of not less than \$1,000 nor more than \$10,000, or by both. Acts 1977, 65th Leg., p. 2675, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977.

SUBCHAPTER K. LAND LOANS

Sec. 161.501. PURPOSE OF SUBCHAPTER; CONSTRUCTION. The purpose of this subchapter is to authorize the board to provide loans to veterans for the purchase of land that are secured by a mortgage, deed of trust, or other lien on the land. This subchapter shall be liberally construed to effect that purpose.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.502. DEFINITIONS. In this subchapter:

(1) "Lending institution" means a bank, savings bank, savings and loan association, credit union, trust company, mortgage banker, mortgage company, life insurance company, or other financial institution that customarily provides service or aids in the financing of mortgages on single-family residential housing, or a holding company for one of those institutions.

(2) "Loan" means a veterans' land loan made or acquired by the board under this subchapter secured by a mortgage, deed of trust, or other lien on the land purchased with the proceeds of the loan.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.503. LOANS. (a) In addition to purchasing land under Subchapters F and G, the board shall make or acquire loans with money from the fund to finance land purchases by eligible persons in accordance with this subchapter and rules adopted by the board.

(b) The board may enter into contracts with lending institutions to assist in processing, originating, servicing, or administering loans under this subchapter.

(c) The board shall adopt credit, underwriting, and appraisal standards that protect the best interest of the program and limit the exposure of the fund to any losses.

(d) The board shall adopt rules as necessary to implement this subchapter.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Amended by Acts 2003, 78th Leg., ch. 674, Sec. 19, eff. Sept. 1, 2003.

Sec. 161.504. ELIGIBILITY FOR LOAN. (a) To qualify for a loan under this subchapter, a person must be a veteran at the time the person applies for the loan. If an eligible veteran dies after filing an application for a loan, the veteran's surviving spouse may complete the transaction.

(b) The board by rule may determine the number of loans that a person may receive under this subchapter.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.505. SECURITY FOR LOAN. A disbursement of money on a loan may not be made unless the loan is secured by a mortgage, deed of trust, or other lien on the land purchased with the proceeds of the loan. A mortgage, deed of trust, or other lien may be a participation in a lien securing any other loan for the purchase of the property, including a lien securing a home loan under Chapter 162.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.506. INITIAL PAYMENT OR EQUITY. The board may require an initial payment on a loan or may require an investment in the land by the loan recipient in an amount set by the board by rule. Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.507. LOAN PAYMENTS. (a) The final principal payment on a loan shall be made not later than the 40th anniversary of the date of the loan.

(b) The board shall determine the maximum principal amount of loans to the same eligible person that may be outstanding at any time.

(c) Payments on the loan must be made at times determined by the board.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.508. FEES; INTEREST. (a) All fees to be charged to a person who receives a loan must be approved by the board.

(b) Any fees or expenses incurred in connection with a loan, including the cost of insurance, may be charged to the loan recipient and included in the principal amount of the loan.

(c) A loan must bear a fixed, variable, floating, or other rate or rates of interest determined by the board. The board may set the interest rate or rates to provide a margin over the rate paid by the board on bonds issued by the board under this chapter.

(d) The difference between the cost of the money to the board and the interest rate or rates charged to a loan recipient may be used in whole or in part to defray the expense of administering the program.

(e) To ensure the maximum benefit of the program to the loan recipient, the board shall adopt rules:

(1) relating to the fees, charges, and interest rates that may be charged by a lending institution in connection with financing the purchase of land with money that does not come from the fund; and

(2) limiting to the maximum extent practical the fees, charges, and interest rates to the fees, charges, and interest rates that would be collected by the lending institution in the normal course of the institution's mortgage lending business.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.509. LATE PAYMENTS; DEFAULT INTEREST RATE. (a) The board may impose charges for late payments.

(b) In addition to charging for late payments under Subsection (a), the board may set and impose a default rate of interest on:

(1) the past due amounts; or

(2) the entire unpaid balance.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Amended by Acts 2003, 78th Leg., ch. 674, Sec. 20, eff. Sept. 1, 2003.

Sec. 161.510. COMBINATION WITH HOME LOAN. The board may:

(1) permit a person to combine a loan made under this subchapter with a home loan made under Chapter 162 if the portion of the loan made under this subchapter is funded from amounts on deposit in the fund and the portion of the loan made under Chapter 162 is not funded from amounts in the fund; and

(2) prescribe the amounts of and forms for a combined loan under this section.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.511. TIME LIMIT ON TRANSFER OF LAND. (a) Except as provided by Subsection (c), a recipient of a loan may not lease, sell, or otherwise transfer in whole or part land or any interest in land against which there is a mortgage, deed of trust, or any other lien securing the loan:

(1) before the third anniversary of the date the recipient purchases the land; and

(2) unless the recipient has complied with any other terms and conditions provided by this subchapter and the rules of the board.

(b) After the three-year period prescribed by Subsection (a), land may be sold or otherwise transferred, subject to any lien securing a loan, if:

(1) all interest, principal, and taxes that are due have been paid;

(2) the terms and conditions of this subchapter and rules of the board have been met; and

(3) the board approves the sale or other transfer.

(c) The board may waive the three-year period prescribed by Subsection (a):

(1) in a case of death, bankruptcy, financial incapacity, or divorce of the loan recipient;

(2) if a loan recipient is forced to move because of a change in employment or because the recipient's home is condemned through no fault of the recipient; or

(3) at any other time the board considers a waiver to be in the best interest of the program.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.512. INCREASE IN INTEREST RATE; ACCELERATED REPAYMENT. If a recipient of a loan does not comply with the requirements of Section 161.511(a) and the board does not waive the

three-year period prescribed by that section, the board by rule may provide for:

- (1) an increase in the interest rate on the loan;
- (2) the acceleration of repayment of the principal of and interest on the loan; or
- (3) any other remedy the board considers appropriate.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.

Sec. 161.513. FORECLOSURE AND RESALE. The board shall adopt rules providing procedures governing foreclosure of a lien securing a loan.

Added by Acts 2001, 77th Leg., ch. 333, Sec. 2, eff. May 21, 2001.